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AZ CORP COMMISSION
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Arizona Corporation Commission

DOCKETED

JAN 2 2008

DOCKETED BY

Attorneys for Northern Sunrise Water Company
and Southern Sunrise Water Company

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF
NORTHERN SUNRISE WATER COMPANY
FOR A CERTIFICATE OF CONVENIENCE
AND NECESSITY TO PROVIDE WATER
UTILITY SERVICE IN COCHISE COUNTY,
ARIZONA.

DOCKET NO. W-20453A-06-0247

IN THE MATTER OF THE APPLICATION OF
SOUTHERN SUNRISE WATER COMPANY
FOR A CERTIFICATE OF CONVENIENCE
AND NECESSITY TO PROVIDE WATER
UTILITY SERVICE IN COCHISE COUNTY,
ARIZONA.

DOCKET NO. W-20454A-06-0248

IN THE MATTER OF THE JOINT
APPLICATION OF NORTHERN SUNRISE
WATER COMPANY AND SOUTHERN
SUNRISE WATER COMPANY FOR THE
APPROVAL OF SALE AND TRANSFER OF
WATER UTILITY ASSETS, AND
CANCELLATION OF CERTIFICATES OF
CONVENIENCE AND NECESSITY, FOR
MIRACLE VALLEY WATER COMPANY,
COCHISE WATER COMPANY, HORSESHOE
RANCH WATER COMPANY, CRYSTAL
WATER COMPANY, MUSTANG WATER
COMPANY, CORONADO ESTATES WATER
COMPANY, AND SIERRA SUNSET WATER
COMPANY, LOCATED IN COCHISE
COUNTY, ARIZONA.

DOCKET NOS. W-20453A-06-0251
W-20454A-06-0251
W-01646A-06-0251
W-01868A-06-0251
W-02235A-06-0251
W-02316A-06-0251
W-02230A-06-0251
W-01629A-06-0251
W-02240A-06-0251

**COMPLIANCE WITH DECISION
NO. 68826**

Pursuant to Decision No. 68826 (June 29, 2006), Northern Sunrise Water Company
and Southern Sunrise Water Company ("Applicants") hereby submit this compliance

1 filing for amended Certificates of Convenience and Necessity ("CC&N").

2 **BACKGROUND**

3 1. Decision No. 68826 ("Order") requires Applicants to make certain filings by
4 December 31, 2007, to amend their respective CC&Ns to include those customers who are
5 being served outside the CC&Ns as a result of unauthorized extensions by the previous
6 owner of the McLain Systems.¹ The Order also allows Applicants to include areas where
7 service is not being rendered, but that are otherwise reasonable and logical based on the
8 individual circumstances.

9 2. The Order recognizes that until the applications are filed, the Commission is
10 unable to determine whether it can merely update the Applicants' respective CC&N maps
11 without additional hearings or proceedings. Order at ¶ 106. The Order further provides
12 that the CC&N filings may include properties that are not currently receiving service but
13 which should "logically be included within" the Applicants' respective service
14 boundaries. *Id.*

15 3. Applicants contend that this filing requires only an administrative review of
16 the applicable maps and legal descriptions to determine two core issues: (1) that service
17 has already been established in the Applicants' proposed amended areas; and (2) the
18 inclusion of areas where service is currently not being provided is reasonable and logical,
19 and is therefore in the public interest. Based on the information provided herein, the
20 amended CC&Ns should be approved.

21 4. This filing should not be used by any party to address any issue other than
22 the two core issues identified above. Therefore, Applicants contend that in the absence of
23 any relevant objections after written public notice, this compliance filing should be
24 approved without a hearing.

25 ¹ The McLain Systems included Miracle Valley Water Company, Cochise Water Company, Horseshoe Ranch Water
26 Company, Crystal Water Company, Mustang Water Company, Coronado Estates Water Company, and Sierra Sunset
Water Company.

1 **COMPLIANCE**

2 5. In support of this compliance filing, Applicants state as follows:

3 6. Applicants are public service corporations engaged in providing water for
4 public purposes within portions of Cochise County, Arizona. Applicants were first
5 granted their CC&Ns in Decision No. 68826 (June 29, 2006). Northern Sunrise Water
6 Company ("Northern") currently serves approximately 330 water utility customers.
7 Southern Sunrise Water Company ("Southern") currently serves approximately 800 water
8 utility customers. The areas served by Applicants contain both residential and
9 commercial properties.

10 7. A complete legal description and related maps for the proposed Northern
11 amended area is attached hereto as Exhibit 1. The proposed Northern amended area
12 includes approximately three (3) whole sections of land (minus the area already within
13 Northern's CC&N) and 30 existing customers.

14 8. As depicted on the maps included in Exhibit 1, the proposed Northern
15 amended area is the logical extension of Northern's existing CC&N because it contains
16 water distribution and supply facilities that Northern acquired from Crystal Water
17 Company and Mustang Water Company. These facilities are currently being used to
18 provide water service to customers outside Northern's CC&N.

19 9. A complete legal description and map for the proposed Southern amended
20 area is attached hereto as Exhibit 2. The proposed Southern amended area includes
21 approximately six (6) whole quarter sections of land and 41 existing customers.

22 10. As depicted on the map included in Exhibit 2, the proposed Southern
23 amended area is the logical extension of Southern's existing CC&N because it contains
24 water distribution and water supply facilities that Southern acquired from Horseshoe
25 Ranch Water Company and Miracle Valley Water Company. These facilities are
26 currently being used to provide water service to customers outside its CC&N. Only 1

1 quarter section of land (NE corner of Section 17, Township 21E, Range 23S) included in
2 the proposed Southern amended area does not presently contain water distribution mains
3 or supply. However, Southern asserts that inclusion of this area is logical and reasonable
4 because there are considerable existing water facilities contiguous to the north and west of
5 this quarter section, and that if not included in this filing, would be contiguous to the
6 amended CC&N on its northern, western and southern boundaries.

7 11. The proposed Northern and Southern amended areas do not include the
8 service territory of any other public service corporation, water improvement district or
9 other political subdivision of the state. Section 12 (T19E, R20S) in the Northern amended
10 area is adjacent to the service area of the Whetstone Water Improvement District along its
11 eastern boundary, and contiguous to the southwest corner of Section 6 (T20E, R20S),
12 which is located within Sulger Water Company's CC&N. The Southern amended area is
13 contiguous at certain areas to Bella Vista Water Company and Southland Utilities
14 Company, Inc. East Slope Water Company's CC&N is contiguous to Southern's existing
15 CC&N at certain areas. These other water providers and their respective CC&Ns or
16 service areas are identified on the maps included in Exhibits 1 and 2.

17 12. In its Order, the Commission expressed its belief that Northern and/or
18 Southern could merely update their respective CC&N boundaries by this Application
19 "without a hearing if no interested party after notice requests such a hearing." Order at
20 ¶ 106. However, the Order is unclear concerning the type and method of notice required.
21 Therefore, Applicants request that the Commission's hearing division promptly schedule a
22 procedural conference to address how public notice will be provided.

23 13. Applicants recognize that by requiring notice, the Commission intended to
24 provide all affected persons an opportunity to be heard on the reasonableness and logic of
25 including properties within the proposed amended areas. However, any request for a
26 hearing should be limited to the two core issues identified herein: (1) that service has

1 already been established in the Applicants' proposed amended areas; and (2) the inclusion
2 of areas where service is currently not being provided is reasonable and logical, and is
3 therefore in the public interest. The inclusion of other issues (e.g. current moratorium on
4 new hook-ups, or any proposed system repairs and improvements) will unduly broaden
5 the scope of this proceeding. In traditional CC&N proceedings, developers pay for the
6 administrative, legal and engineering costs associated with the requested expansion.
7 However, in this matter the Applicants (and its ratepayers) are paying the costs associated
8 with this compliance filing. Therefore, a limited review of the core issues is warranted
9 and in the public interest.

10 14. In its Order, the Commission states that "Depending on the location and
11 circumstances of these customers, the Commission may be able to amend the CC&Ns
12 without a hearing, however, only Applicants' future filing will give us sufficient
13 information to make that determination." *Id.* By this filing, Applicants assert that they
14 have provided sufficient information for the Commission to conclude that amending their
15 CC&Ns to include the proposed areas is in the public interest, and unless an affected party
16 can provide a relevant basis for holding an evidentiary hearing, this matter should be
17 approved without one.

18 WHEREFORE, Applicants respectfully request the following:

19 A. That the Commission proceed to consider and act upon this compliance
20 filing as timely as possible and to schedule a procedural conference to determine the
21 method and scope of public notice required;

22 B. That in the absence of any relevant objections by any affected person(s)
23 after public notice is provided, the Commission enter an order amending Applicants'
24 CC&Ns to include the proposed amended areas as set forth in the legal descriptions and
25 illustrated maps contained in Exhibit 1 and Exhibit 2; and
26

1 C. That the Commission grant such other and further relief as may be
2 appropriate under the circumstances herein.

3 RESPECTFULLY SUBMITTED THIS 2nd day of January, 2008.

4 FENNEMORE CRAIG, P.C.

5
6 By: 

7 Jay L. Shapiro
8 Patrick J. Black
9 Suite 2600
10 3003 North Central Avenue
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12 Attorneys for Northern Sunrise Water Company
13 and Southern Sunrise Water Company

14 **ORIGINAL and 17 copies filed**
15 this 2nd day of January, 2008 to:

16 Docket Control
17 Arizona Corporation Commission
18 1200 West Washington Street
19 Phoenix, Arizona 85007

20 **Copy sent via e-mail and U.S. mail**
21 this 2nd day of January, 2008 to:

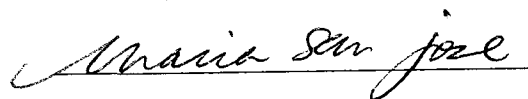
22 Jane L. Rodda, ALJ
23 Hearing Division
24 Arizona Corporation Commission
25 400 W. Congress St.
26 Tucson, AZ 85701

Copy hand delivered
this 2nd day of January, 2008 to:

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2013922.1/20898.001

Exhibit 1

Northern Sunrise Water Company - Proposed Amended Area

- Township 20 South, Range 19 East, G. & S.R.M., Cochise County, Arizona

The Northwest 1/4; the West 1/2 of the Northeast 1/4, the West 1/2 of the East 1/2 of the Northeast 1/4, and the East 1/2 of the Northeast 1/4 of the Northeast 1/4; the West 1/2 of the Southeast 1/4 and the West 1/2 of the East 1/2 of the Southeast 1/4; the Northwest 1/4 of the Southwest 1/4, the Northeast 1/4 of the Southwest 1/4, the Southeast 1/4 of the Southwest 1/4, the West 1/2 of the Southwest 1/4 of the Southwest 1/4, and the Northeast 1/4 of the Southwest 1/4 of the Southwest 1/4, all in Section 12.

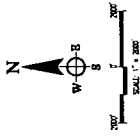
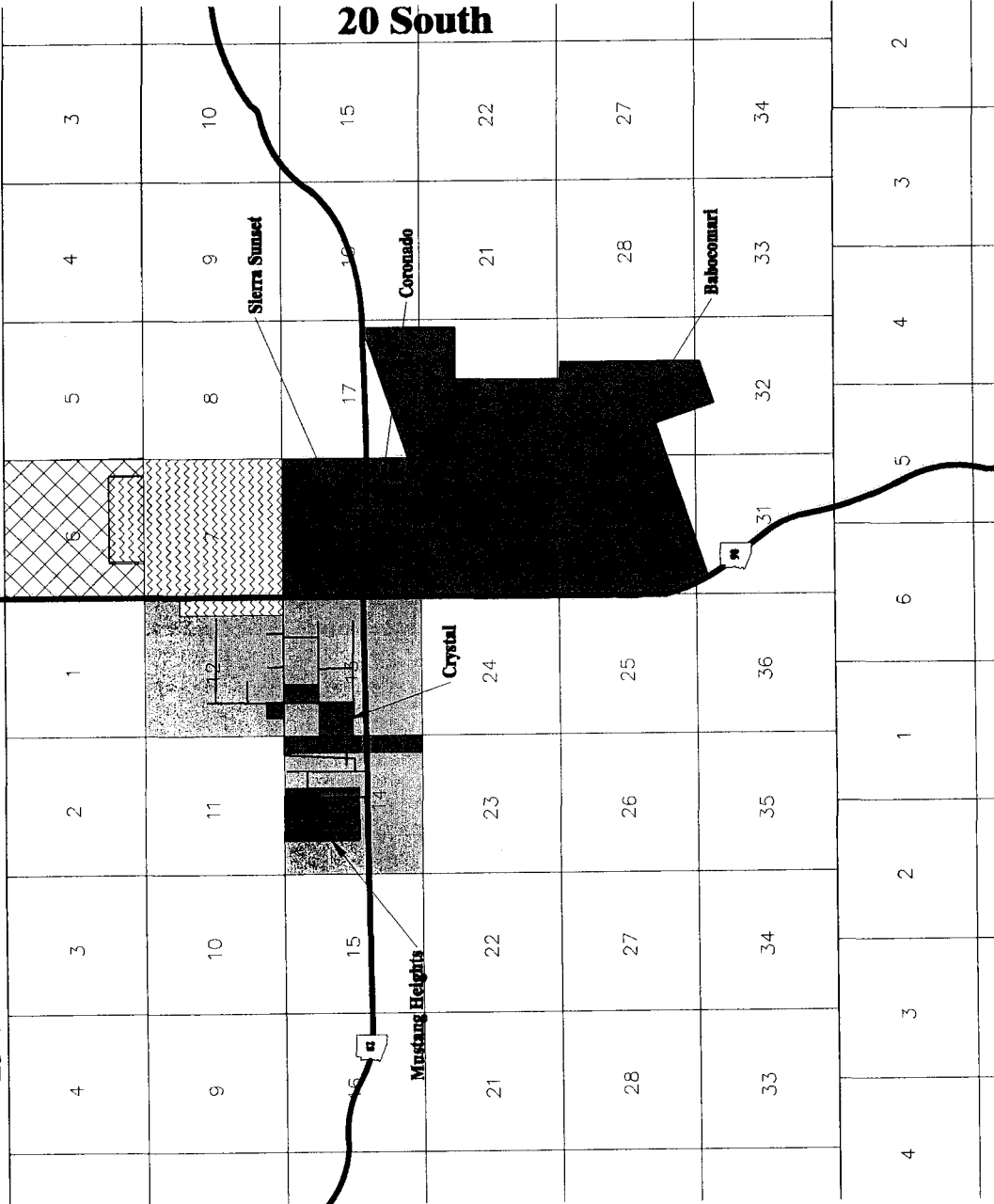
The Northwest 1/4 of the Northwest 1/4, the East 1/2 of the Northeast 1/4 of the Northwest 1/4, and the Southeast 1/4 of the Northwest 1/4; the Northeast 1/4; the Southeast 1/4; and the Southwest 1/4, all in Section 13.





The West 1/2 of the Northwest 1/4; the East 1/2 of the West 1/2 of the Northeast 1/4 and the West 1/2 of the East 1/2 of the Northeast 1/4; the West 1/2 of the Southeast 1/4 and the West 1/2 of the East 1/2 of the Southeast 1/4; and the Southwest 1/4, all in Section 14.

19 East

20 East

20 South



-  Existing Northern Sunrise Water Company
-  New Northern Sunrise Water Company
-  Sudger Water Company
-  Whetstone Water Improvement District

**ALCONQUIN
WATER**
**CC&N EXTENSION
NORTHERN SUNRISE
WATER COMPANY**

DECEMBER 18, 2007

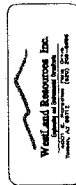


Exhibit 2

Southern Sunrise Water Company - Proposed Amended Area

- Township 23 South, Range 21 East, G.& S.R.M., Cochise County, Arizona

The Southwest 1/4 of Section 4.

The East 1/2 of the Southwest 1/4 of Section 8.

The Northwest 1/4 of Section 9.

The Southwest 1/4 of the Northwest 1/4; the Northeast 1/4; the Southeast 1/4; and the Southwest 1/4, all in Section 17.

The North 1/2 of the Northwest 1/4 of Section 20.

- Township 24 South, Range 22 East, G.& S.R.M., Cochise County, Arizona

The North 1/2 of the Northwest 1/4 of Section 6, and the North 1/2 of the Northeast 1/4 of Section 6.

